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RUEHBUL/AMEMBASSY KABUL PRIORITY 0016
RUEHLO/AMEMBASSY LONDON PRIORITY 0711
RUEHFR/AMEMBASSY PARIS PRIORITY 0671
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL PRIORITY

C O N F I D E N T I A L DAMASCUS 000686

SIPDIS

DEPT FOR NEA/ELA, NEA/FO, NEA/EX, EEB/ESC/TFS, L/EB
COMMERCE FOR BIS/SONDERMAN/CHRISTINO
NSC FOR SHAPIRO/MCDERMOTT
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LONDON FOR LORD

E.O. 12958: DECL: 09/16/2019
TAGS: [EAID](#) [ECIN](#) [ECON](#) [EINV](#) [PGOV](#) [PREL](#) [SY](#)
SUBJECT: NO U.S. COMPONENT TO U.S. INTERNATIONAL INVESTMENT
GROUP'S \$40M SYRIAN PROJECT

REF: DAMASCUS 587

Classified By: Charge d'Affaires Chuck Hunter for reasons 1.4(b,d)

Summary

¶1. (C) As previously reported, the American International Investment Group (AIIG) has targeted eastern Syria for \$30-40 million in investments (ref A). AIIG (formally referred to as the U.S. International Investment Group (USIIG)) plans to launch five projects in the Industrial City of Dayr al-Zawr to produce cosmetics, cleaning items, beverages, diapers, razor blades, and lubricants, with an eye toward exporting these consumer goods to Iraq and, eventually, Afghanistan. There appears to be no actual U.S. element to this venture except that AIIG's head, Abdulaziz Meslat, is a dual American/Syrian citizen. The viability of this investment scheme is questionable; Meslat recently disclosed that, based on his initial experience in dealing with the "incompetence and corruption" in Dayr al-Zawr, he is not optimistic these projects will ever become a reality. End summary.

American International Investment Group

¶2. (SBU) As reported reftel, the Syrian Investment Agency (SIA) held a press conference in Damascus on August 13 to announce a proposed \$40M investment in eastern Syria by the U.S. International Investment Group (USIIG). (Note: The SIA was recently established in the office of the Prime Minister with the goal of attracting foreign investment to Syria. The SIA is headed by General Director Dr. Ahmad Abdolaziz. The agency was launched with assistance from the United Nations Development Programme (UNDP). End Note.)

¶3. (SBU) The correct name of the "U.S. International Investment Group" is, in fact, the "American International Investment Group" (AIIG), headed by Syrian-American Abdulaziz Meslat. Meslat previously chartered a company in Florida under this name and, upon returning to Syria approximately 18 months ago, subsequently established a company in Damascus

under the same name. (Note: Meslat explained that the name U.S. International Investment Group (USIIG), used by the Syrian press in recent news articles, was a translation error. End Note.) Meslat said his Syrian company is backed by Iraqi investors who live in the region (Iraq, Jordan, and Kuwait) and are members of Meslat's own Al Jabour (Bedouin) tribe.

Targeting Markets in Iraq and Afghanistan

14. (C) The AIIG's initial investment plan is to launch five projects in the eastern Syrian region of Dayr al-Zawr which will produce items for the home (cosmetics, cleaning supplies, etc.), beverages (beer, juice and energy drinks), diapers, razor blades, and lubricants. These particular items were selected with the belief that there was a large regional market for such consumables and that they could easily be produced and transported to Iraq (his investors' eventual target market). Meslat said the ten-year tax exemption offered by the SARG for investment in the drought-stricken areas of eastern Syria was not part of their initial investment strategy but was an "added bonus."

15. (C) According to Meslat, the group is targeting the markets in Iraq and, secondarily, Afghanistan. Meslat hopes to have plants up and running in eastern Syria, poised to exploit the Iraqi market should the security situation there improve. The group views Afghanistan as another potential market, should the security situation there also improve. AIIG plans a sixth investment project - an animal fodder

plant - in al-Hasakah on Meslat family-owned land. This sixth project is not part of the Dayr al-Zawr agreement.

Industrial City Offers a Good Deal

16. (C) The August 13th SIA ceremony inaugurated an agreement between Meslat and Kaser Osman, president of the Industrial City in Dayr al-Zawr. The agreement stipulated the lease of two 30,000-square-meter tracts in the Industrial City. Osman subsequently informed Meslat the SARG's offer of ten years of tax-free investment could be extended up to 15 years based on the success of the projects. Osman also told Meslat that, as a result of the positive exposure provided by the August 13 press conference, he was subsequently approached by a European company interested in establishing a plant in Dayr al-Zawr. Meslat described Osman as "a real visionary" who was working hard to attract new investments to Dayr al-Zawr and make the Industrial City a success.

Five Factories in Dayr al-Zawr

17. (C) Meslat plans to contract locally to build five factories in Dayr al-Zawr and to equip them with machinery from China and/or Germany. He divulged his real desire was to purchase U.S. machinery for the factories, but he realized this would not be possible under current U.S. economic sanctions. Raw materials would be procured in Syria to the maximum extent possible, and other items would be purchased abroad and shipped to Dayr al-Zawr via road or rail links from Turkey and the Syrian coast. Water for the production processes would be taken from the Euphrates River via a purpose-built canal connecting the river and the Industrial City. Meslat said AIIG would focus on the production of quality products with lower transportation costs as the means to take market share away from inferior Chinese products being sold in Syria and Iraq.

Corruption's an Issue

¶8. (C) Meslat privately admitted he was pessimistic on the outcome of the Dayr al-Zawr projects. He needs to contract with local companies to establish the five factories, and his initial experience in dealing with their "incompetence and corruption" made him question if these projects would ever be realized, he said. (Note: Meslat noted Osman, whom he holds in high regard, was "not a part of the problem." End note.)

¶9. (C) Meslat said he had also encountered corruption within the SIA. According to Meslat, in a recent meeting with SIA's General Director, Dr. Abdolaziz asked him for 500,000 SYP (\$12,000). When Meslat asked him what the money was for, Abdolaziz replied that it was needed to cover "costs" incurred by SIA related to this project. Meslat demurred, saying SAI "costs" were not programmed into AIIG's budget, and that there were no additional funds available.

Meslat Subject to Travel Ban

¶10. (C) Meslat told us he was imprisoned by the SARG for seven days upon his return to Syria in early 2008. He said he was told by SARG officials his detainment was due to his having met with Israeli nationals outside of Syria - a charge to which Meslat readily admitted. Upon his release from prison, a travel ban was placed on Meslat to prohibit him from leaving Syria. The travel ban is still in effect, according to Meslat.

Comment

¶11. (C) The involvement of both Syrian and Iraqi Al Jabour tribesmen in this project highlights how Al Jabour and other regional tribes view the areas of eastern Syria and western Iraq in terms of tribal lands rather than international borders. The investors plan to exploit tribal associations in search of profits, regardless of Damascus/Baghdad relations. Although the investment project has been heralded by the SIA, Meslat's philosophy may make others in the regime uneasy and has probably contributed to his travel ban.

¶12. (C) Although named the American International Investment Group, AIIG's investors are Iraqis living in the region. The factories are to be built by local firms and equipped with Chinese or German machinery. Meslat fully understands the limitations imposed on him by the current U.S. economic sanctions and appears to be doing everything possible to avoid violating them. There appears to be no actual U.S. element to this project other than Meslat's dual American/Syrian nationality. Still, to the extent AIIG's initiative serves to create or reinforce public perceptions of U.S.-Syrian re-engagement, it may yet serve a useful purpose.
HUNTER